

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2556
ANSWERED ON:16.03.2007
TAX EVASION BY HOTELS AND RESORTS
Mehta Shri Bhubneshwar Prasad

Will the Minister of FINANCE be pleased to state:

- (a) whether gross irregularities are being committed by five star hotels and resorts in the country in paying luxury taxes and service taxes;
- (b) if so, the details thereof;
- (c) the action taken against them; and
- (d) the number of cases relating to luxury taxes filed in various Tax Tribunals?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a), (b), (c) & (d): Luxury Tax is levied by the State Governments by virtue of Entry 62 of List-II (State List) of Seventh Schedule of the Constitution. Luxury Tax, being a State subject, is administered by the State Governments. If irregularities are committed by the hotels & resorts in paying luxury tax, action is required to be taken by the concerned State Governments. In so far as evasion of Service Tax is concerned, the information is being collected and will be laid on the Table of the House.